

## Message Text

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61

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 L-02 FRB-03 OMB-01 TAR-01 SP-02

AGR-05 AID-05 CIAE-00 COME-00 INR-07 IO-10 LAB-04

NSAE-00 OIC-02 SIL-01 STR-04 TRSE-00 CIEP-01 CEA-01

PM-03 NSC-05 SS-15 SAB-01 ( ISO ) W  
----- 015617

P R 272103Z MAR 75

FM AMEMBASSY PANAMA

TO SECSTATE WASHDC PRIORITY 3416

INFO USSOUTHCOM

PANCANAL

AMEMBASSY BOGOTA

AMEMBASSY GUATEMALA

AMEMBASSY MANAGUA

AMEMBASSY QUITO

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L PANAMA 1762

EO 11652: GDS

TAGS: ETRD, PN

SUBJ: BANANAS: UNITED BRANDS (B) NEGOTIATING FOR REVISED SALES  
AGREEMENT WITH GOP

REF: A) PANAMA 1274 (B) PANAMA A-27, FEBRUARY 6, 1975,  
(C) PANAMA A-9, JANUARY 16, 1975, (D) PANAMA 6685, NOVEMBER 20,  
1974, (E) PANAMA 1179

1. BOBBY WALKER, UB RESIDENT REP REPORTED UB VICE PRESIDENT  
GELSTHORPE WAS IN PANAMA, MARCH 25-26 TO NEGOTIATE WITH GOP  
REVISING SALES AGREEMENT OF DECEMBER 19, 1974 (REF C),  
EFFECTIVE APRIL 15, 1975, EXTENDING STATUS QUO OF UB OPERATIONS  
FOR ANOTHER TWO YEARS AND GIVING GOP OPTION TO PURCHASE UB  
ASSETS UPON EXPIRATION OF SAID AGREEMENT. HOWEVER, GOP WILL  
HAVE IMMEDIATE USE OF UB'S UNUSED FARMING LAND (REF B).

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GELSTHORPE EXPECTS TO COME UP WITH A "MODEL GOP-UB AGREEMENT"

WHICH WILL SET THE PATTERN FOR FUTURE RELATIONSHIPS BETWEEN  
MULTINATIONAL COMPANIES AND DEVELOPING COUNTRIES.

2. WALKER WENT ON TO REPORT GOP NEGOTIATING TEAM CONSISTED OF  
MINISTER OF AGRICULTURE AND LIVESTOCK, G. GONZALEZ V. AND  
PRESIDENT SUPPLY COMMISSION MANUEL BALBINO MORENO. HE AND  
GELSTHORPE ALSO MET WITH GENERAL TORRIJOS. UB TERMED GOP ACTION  
MOST GENEROUS AND REFLECTED TORRIJOS' REALIZATION OF UB FINAN-  
CIAL LOSSES FROM RECENT OPERATIONS IN CENTRAL AMERICA. RE UB BACK  
TAXES PROBLEM (REF D), THIS MATTER "DOWN THE DRAIN FOR GOOD."  
GELSTHORPE RETURNING SOON TO CONCLUDE GOP-UB REVISED SALES  
CONTRACT AND GOP INDICATED EVENT WILL BE MARKED BY HIGHLY PUBLIC-  
IZED CEREMONY. GELSTHORPE PROMISED TO PREPARE A PRESS RELEASE  
FOR THE OCCASION. AT GOP'S REQUEST, HE WILL ALSO ARRANGE FOR  
AN ARTICLE TO BE PUBLISHED IN WALL STREET JOURNAL.

3. WALKER PROMISED TO PROVIDE EMBASSY WITH ADVANCE COPY OF THE  
REVISED AGREEMENT AND REPORT FURTHER DEVELOPMENTS AS THEY OCCUR.

4. COMMENTS: THE DEVELOPMENT REFLECTS GOP'S CONCERN ABOUT  
CLIMATE FOR FUTURE FOREIGN INVESTMENTS IN PANAMA, FOLLOWING  
RECENT FAILURE TO CONCLUDE AGREEMENT WITH CANADIAN JAVELIN LTD.  
ON THE \$700-MILLION CERRO COLORADO PROJECT (REF E).  
JORDEN

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## Message Attributes

**Automatic Decaptioning:** X  
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**Current Classification:** UNCLASSIFIED  
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**Subject:** BANANAS: UNITED BRANDS (B) NEGOTIATING FOR REVISED SALES AGREEMENT WITH GOP  
**TAGS:** ETRD, PN, UNITED BRANDS, (WALKER, BOBBY), (GONZALEZ V, G), (BALBINO MORENO, MANUEL), (TORRIJOS HERRERA, OMAR)  
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